

A Great Place to...



Live Work & Visit



Popular Annual Financial Report

*A Financial Summary for Its Citizens
for the Fiscal Year Ended June 30, 2008*



City of Hagerstown

City Hall, Finance Department
1 East Franklin Street
Hagerstown, Maryland 21740
301-766-4160
www.hagerstownmd.org





City of Hagerstown

This Popular Annual Financial Report was prepared by:

City of Hagerstown, Maryland
Department of Finance
One East Franklin Street
Hagerstown, MD 21740
(301) 739-8577 ext. 160
www.hagerstownmd.org

Alfred E. Martin
Director of Finance

Ray E. Foltz
Asst Director of Finance

Michelle A. Burkner
Accounting Manager

To the Residents of Hagerstown, Maryland



We are pleased to present the Popular Annual Financial Report (PAFR) for Fiscal Year 2008 (July 1, 2007 – June 30, 2008). The PAFR is designed to show the City of Hagerstown's financial information in summary. Our goal is to better communicate the results of financial operations for the City of Hagerstown in an understandable, user-friendly report. The PAFR will highlight where the revenues come from to operate the City, where those dollars are spent, and FY08 major initiatives.

The information presented in the PAFR was taken from the financial information presented in the City of Hagerstown's FY08 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformity with Generally Accepted Accounting principles (GAAP) and was audited by the City's independent auditors receiving an unqualified opinion. The numbers within the CAFR were arrived at by employing accrual and modified accrual accounting techniques as prescribed by the Governmental Accounting Standards Board (GASB).

The PAFR, CAFR, and the City's Adopted Budget are available on the City's Website at <http://www.hagerstownmd.org>. Copies of those documents may also be obtained by contacting the Finance Department at (301) 739-8577, ext. 156.

Alfred E. Martin
Director of Finance

About Your City and City Government

The City of Hagerstown operates under a council-manager form of municipal government. A charter granted by the General Assembly of Maryland formed the governing authority for the City. The Mayor and Council are the governing body of the City. The Mayor and Council are comprised of a mayor and five councilmembers all directly elected by Hagerstown citizens. The City Administrator is appointed by the Mayor and Council to serve as the Chief Executive Officer of the City.

The City serves residents with a full range of services including: police protection, fire protection, planning, licensing, permitting and inspections, water, sewer, refuse, electric

services, snow removal, street maintenance and other public works functions, and recreation and parks services.

The 2008 population estimate for the City of Hagerstown was 39,941. Strategically situated in the heart of the Cumberland Valley, the City is located at the intersection of I-81 and I-70 and is the largest city in Western Maryland. The City is home to the Hagerstown Suns, a Class A minor league team affiliated with the Washington Nationals. For those who enjoy things of an artistic nature, Hagerstown is home to the Maryland Symphony Orchestra, and one of Maryland's three accredited fine arts museums.

A Great Place to... **Live Work & Visit**

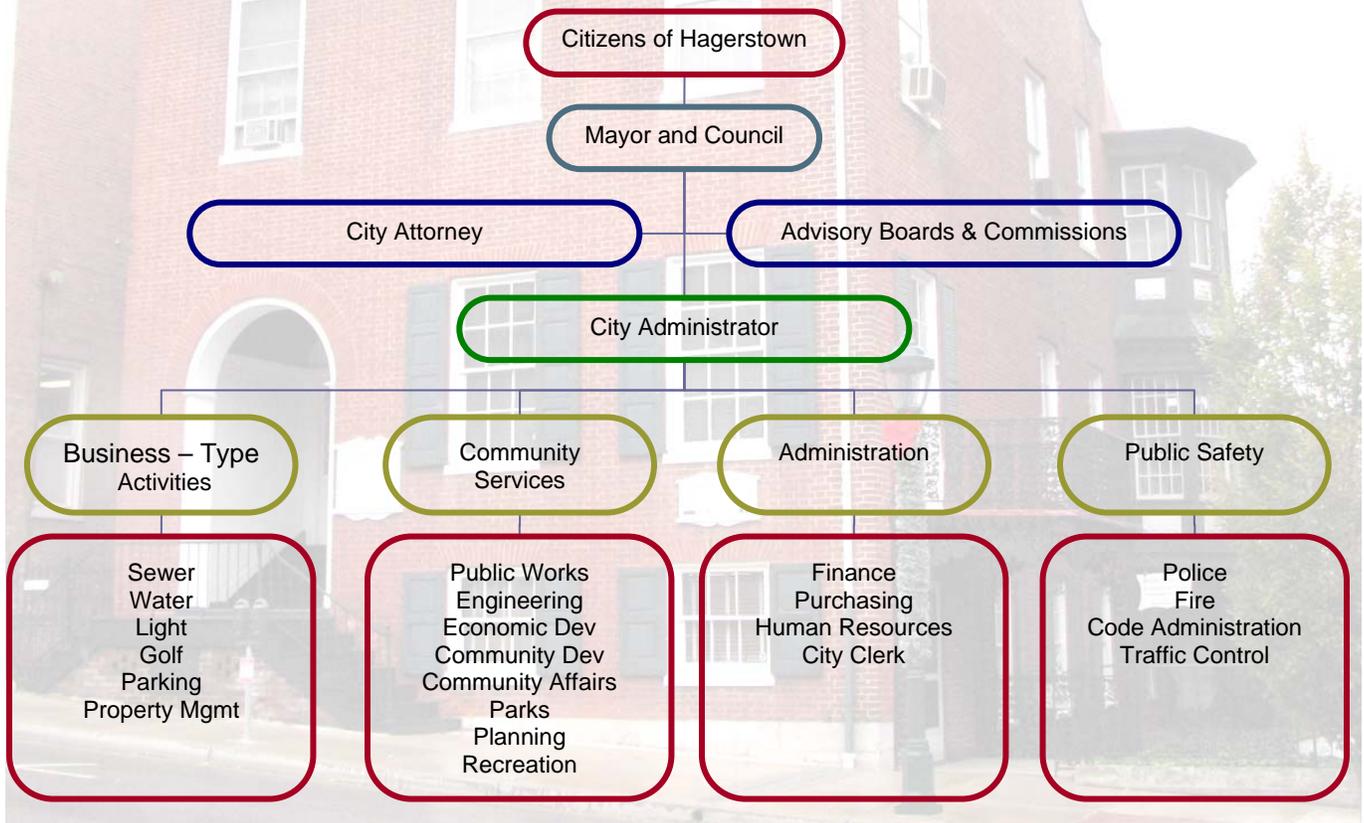
Organizational Structure

City of Hagerstown Elected Officials

Robert E. Bruchey II, Mayor
 Martin E. Brubaker, Councilmember
 Kelly S. Cromer, Councilmember
 Alesia Parson-McBean, Councilmember
 Penny M. Nigh, Councilmember
 Lewis C. Metzner, Councilmember

City of Hagerstown Structure

Bruce C. Zimmerman, City Administrator



Greens at Hamilton Run

Miscellaneous Statistics

Number of Employees	483
Electric Customers	17,026
Water Customers	28,245
Sewer Customers	19,104
Responses to Fire Alarms	2,185
Calls for Police Service	57,509
Paved Streets & Alleys	143.3 mi
Number of Traffic Signals	132
Swimming Pool Attendance	25,497
Golf Course Attendance	16,638
Number of Parks	18

Statistics are as of June 30, 2008

City Profile

Ten Largest Employers in Washington County

Washington Co. Health System, Inc.	2,971
Washington Co. Public Schools	2,921
State of Maryland	2,613
Citicorp Credit Services, Inc.	2,244
First Data Merchant Services	2,077
Volvo Powertrain NA (Mack Trucks, Inc.)	1,511
Washington Co. Government	1,080
Federal Government	763
Staples Distribution Center	760
Hagerstown Community College	682

(Data from Hagerstown/Washington Co. EDC as of 6/30/2008)

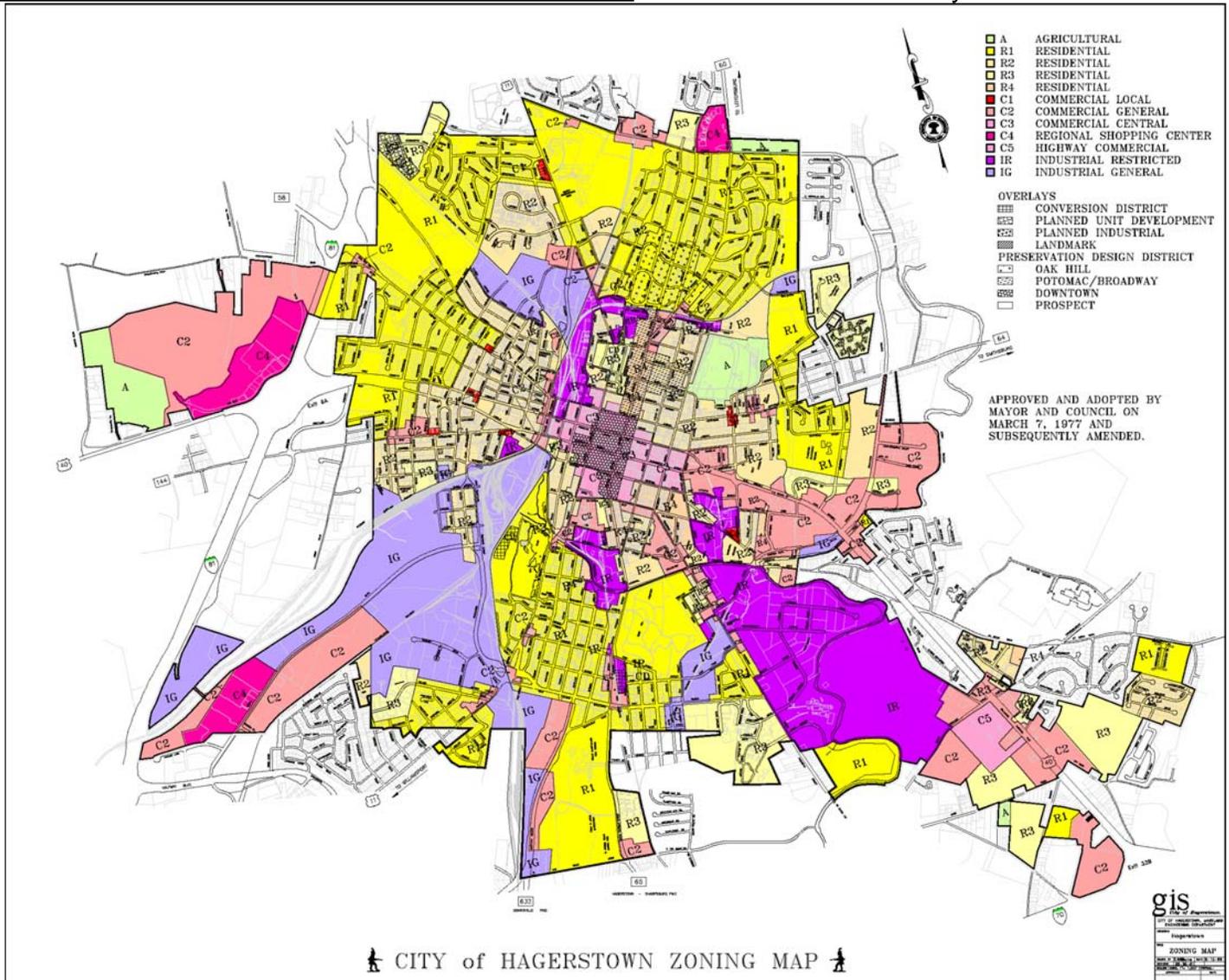
Five Largest Property Taxpayers

(in thousands)

Washington Real Estate	\$34,173
Verizon – Maryland	\$27,050
Lowes Home Centers, Inc.	\$21,527
Walmart Real Estate Business Trust	\$17,713
Sams Real Estate Business Trust	\$11,947

(Data from City of Hagerstown Treasurer as of 6/30/2008)

The City of Hagerstown, Maryland was founded in 1762 and incorporated in 1813. Its legal authority is derived from Article XI-E of the State Constitution and Article 23A of the Annotated Code of Maryland.



Fund Structure

The City of Hagerstown separates its financial information into Governmental Activities and Business Type Activities. Revenues for Governmental Activities are primarily supported by taxes and intergovernmental activities. Business Type Activities are other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City groups related accounts into funds to maintain control over resources that have been segregated for specific activities or objectives. Currently, there are 18 funds which are further separated into either Governmental Funds, Proprietary Funds or Fiduciary Funds. The City's only Fiduciary Fund is the Police and Fire Pension Fund.

Governmental Activities or Governmental Funds include general government, public safety, streets and alleys, waste collection and disposal, parks and recreation, and economic and community development. Business Type Activities or Proprietary Funds include the City's utility functions: electric, water, and sewer, as well as 3 public services: parking facilities, the golf course, and property management.

Governmental Funds

The City of Hagerstown maintains nine individual governmental funds.

- General Fund – This is the primary operating fund for the City, and accounts for revenues and expenditures that are not required to be accounted for in other funds.
- Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for a specific purpose.
- Capital Improvement Project Funds – This fund is used to account for the acquisition and construction of major capital assets.



Situated in Hagerstown's City Park, the Hager House has a protected water supply, and is built of uncut fieldstones. Hager's home served as a frontier fort in case of Indian attack.



Proprietary Funds

The City of Hagerstown maintains 2 different types of proprietary funds.

- Enterprise Funds – These funds are used to report services for which the City charges customers a fee. Enterprise funds are used to report operations showing a profit or loss similar to private businesses.
- Internal Service Funds – Used to accumulate costs associated with our self-insured employee health, dental and worker's compensation insurance. Costs are then allocated internally among the City's various functions.

The City adopts annual operating and capital budgets for all funds except the Police and Fire Pension Fund. Budgets contain estimates of anticipated revenues and proposed expenditures.

Statement of Net Assets

City of Hagerstown's Summary of Net Assets						
June 30, 2008 and 2007						
(in millions)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current Assets	\$ 27.3	\$ 28.3	\$ 16.6	\$ 12.6	\$ 43.9	\$ 40.9
Long-term and restricted assets	0.2	0.3	15.0	14.1	15.2	14.4
Capital assets, net	72.3	65.7	159.4	151.4	231.7	217.1
Total Assets	99.8	94.3	191.0	178.1	290.8	272.4
Liabilities:						
Long-term liabilities	18.5	19.4	24.2	23.3	42.7	42.7
Other liabilities	7.8	7.7	15.5	13.1	23.3	20.8
Total Liabilities	26.3	27.1	39.7	36.4	66.0	63.5
Net Assets:						
Invested in capital assets	58.5	49.6	134.5	127.5	193.0	177.1
Restricted	10.4	9.7	-	-	10.4	9.7
Unrestricted	4.6	7.9	16.8	14.2	21.4	22.1
Total Net Assets	\$ 73.5	\$ 67.2	\$ 151.3	\$ 141.7	\$ 224.8	\$ 208.9

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's overall financial condition and position. The summary above shows that the City's assets exceeded liabilities by \$224.8 at the end of FY 2008, an increase of \$16 million over the prior year.

Net assets are divided into three categories – invested in capital assets (net of related debt),

restricted net assets and unrestricted net assets. The largest portion of the City's net assets \$193.0 million (85.6%), reflects its investment in capital assets net of depreciation.

Restricted net assets represent 4.6% of total net assets. Unrestricted net assets have a balance of \$21.4 million (9.5%) of total net assets.

Current Assets are assets that one can reasonably expect to convert to cash, sell or consume within one year.

Long-term and Restricted Assets are primarily restricted cash balances from benefit charges, and customer and power deposits.

Capital Assets are the City's long-term investments in land, buildings, equipment, improvements, and infrastructure. These capital assets are used to provide services to

citizens. Consequently, these assets are *not* available for future spending.

Long-term Liabilities consist mainly of debt obligations of the City.

Other Liabilities primarily includes debt that can be paid off in one year or less, e.g. accounts payable, and accrued interest payable.

Net Assets Invested in Capital Assets, Net of Related Debt represents the City's investment in

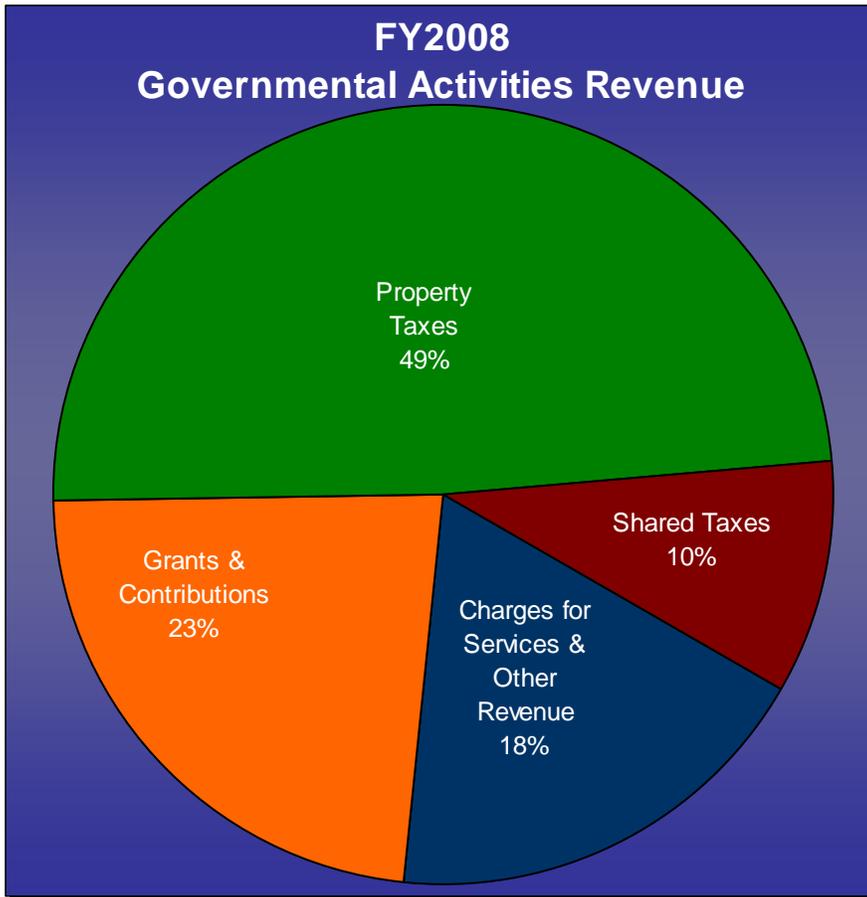
capital assets less any related outstanding debt used to acquire those assets.

Restricted Net Assets are resources that are subject to external restrictions on how they may be used.

Unrestricted Net Assets represent the resources available to the City in order to provide services to the residents of Hagerstown if there were no additional revenues or resources available.

Governmental Activities - Revenue

Where does the money come from? **\$45.9 million Total Revenue**



Property Taxes (\$22.4 million or 49%) – Property taxes consist of real and personal property taxes paid by Hagerstown property owners. The real property and business and personal property tax rates remained constant for the last 4 years through June 30, 2008. The real property tax rate is \$0.798 per \$100 of assessed property value, and the business and personal property tax rate is \$1.995 per \$100 of assessed property value.

Charges for Services & Other Revenue (\$8.4 million or 18%) – The City of Hagerstown collects fees paid by users who individually benefit from a City service. The largest sources of revenue in this category are: licenses and permits, and refuse collection fees.

Grants & Contributions (\$10.6 million or 23%) – The City of Hagerstown receives payments from Washington County Government, the State of Maryland, the Federal Government and other organizations. These payments are in the form of grants, or entitlements. These revenues are used for both operating purposes and capital improvement projects.

Shared Taxes (\$4.5 million or 10%) – These revenues consist of payments received from the Washington County Government and the State of Maryland. These payments are in the form of shared revenues or payments in lieu of taxes. The largest payments in this category are income taxes and county tax differential.



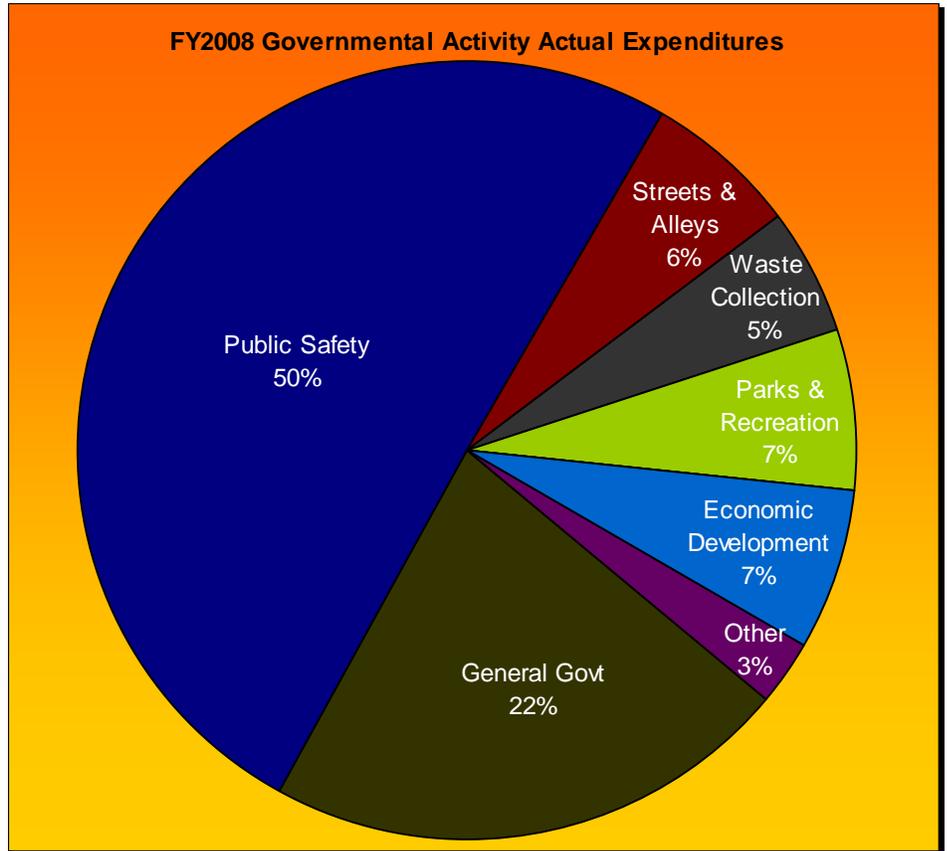
Hagerstown's Band Shell
At City Park

Governmental Activities - Expenditures

Where does the money go? \$39.6 million Total Expenditures

FY2008 Governmental Fund expenditures increased 9% over 2007 or by \$3.3 million. The City continues to provide quality services for its citizens at the lowest cost possible. By keeping overall actual expenditures for departments in line with or below budget, the City eliminated the need to utilize the amount budgeted for contingency in FY2008.

Public Safety (\$20 million or 50%) – Expenditures include personnel and operating expenses to maintain the City’s police force, fire department, code compliance and administration division, and the signal department.



General Government (\$8.6 million or 22%) – Personnel and operating expenses of the Mayor and Council, City Administrator, City Clerk’s office, and the departmental expenditures of finance and accounting, Treasurer and tax collections, purchasing and inventory, planning, legal, engineering, information technology, human resources, community affairs and public functions.

Parks & Recreation (\$2.7 million or 7%) – Personnel and operating expenses associated with the City’s recreation programs, parks, maintenance of public facilities and the Municipal Stadium.

Economic Development (\$2.7 million or 7%) – Includes the Community Development Block Grant (CDBG) which expands housing and economic opportunities for low and moderate income residents and personnel and operating expenses associated with CDBG and the economic development departments.

Streets & Alleys (\$2.5 million or 6%) – Personnel and operating expenses associated with the City’s snow removal operations, street lighting, cleaning and general street department operations.

Waste Collection (\$2.1 million or 5%) – Primarily consists of contractual services for the collection and removal of residential trash within the City.

Other (\$1.0 million or 3%) – Includes payments on interest and service charges for the City’s outstanding non-enterprise debt and non-departmental charges which are shared costs such as general liability insurance.

Summary of Governmental Activities

Governmental Activities Statement of Activities For the Years Ended June 30, 2006, 2007, and 2008 (in millions)

Revenues			
	2008	2007	2006
Property Taxes	\$ 22.4	\$ 20.1	\$ 17.3
Charges for Services & Other Revenue	8.4	9.4	9.2
Grants & Contributions	10.6	6.5	5.7
Shared Taxes	4.5	3.9	3.8
Total Revenue	\$ 45.9	\$ 39.9	\$ 36.0
Expenditures			
	2008	2007	2006
General Government	\$ 8.6	\$ 7.7	\$ 7.4
Public Safety	20.0	18.0	16.5
Streets & Alleys	2.5	2.3	2.0
Waste Collection	2.1	2.0	1.6
Parks & Recreation	2.7	2.5	2.4
Economic Development	2.7	2.7	2.6
Other Expenditures	1.0	1.0	0.9
Total Expenditures	\$ 39.6	\$ 36.2	\$ 33.4
Excess of revenue over expenditures	\$ 6.3	\$ 3.7	\$ 2.6

Sound Financial Policies

In order to maintain a sound fiscal environment, Mayor and Council have adopted several financial policies that the City strictly adheres to.

Operating Budget Policy

The budget will be prepared, presented and administered by the City Administrator and is a resource allocation document for the Mayor and City Council. By Charter, the budget must be balanced, which means revenues must equal or exceed expenditures. Additionally, the Municipal Charter of Hagerstown requires the City Administrator to submit a budget to the Mayor and Council at least ninety days before the beginning of the fiscal year.

Investment Policy

The Mayor and City Council has an adopted investment policy. The investment policy applies to cash management and investment

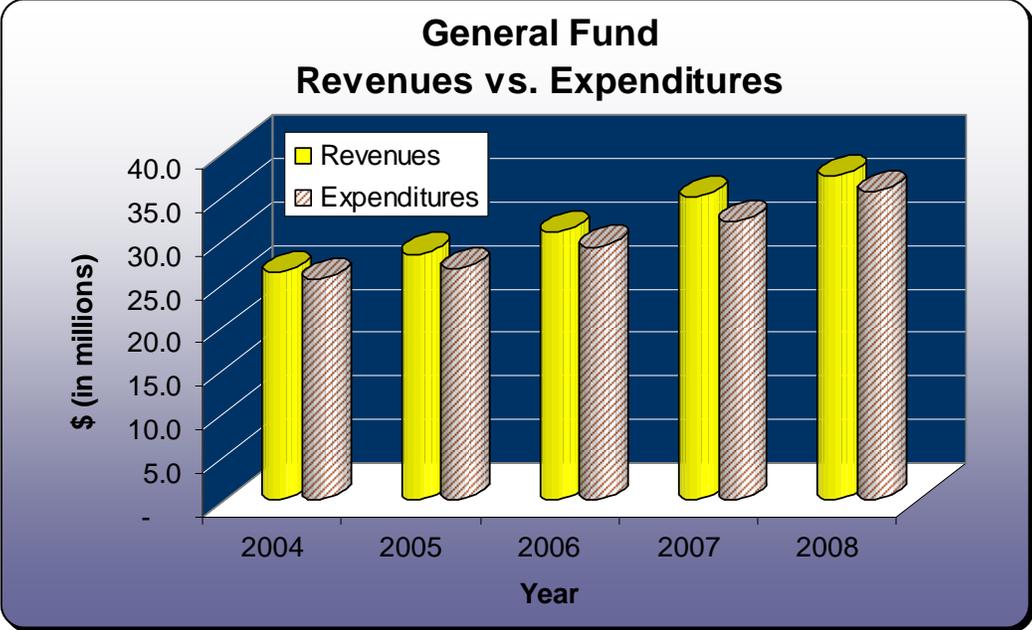
activities of the City of Hagerstown. The policy's primary objective is the preservation of capital and liquidity, maximizing investment income while conforming to all state and local statutes governing the investment of public funds.

Fund Balance Policy

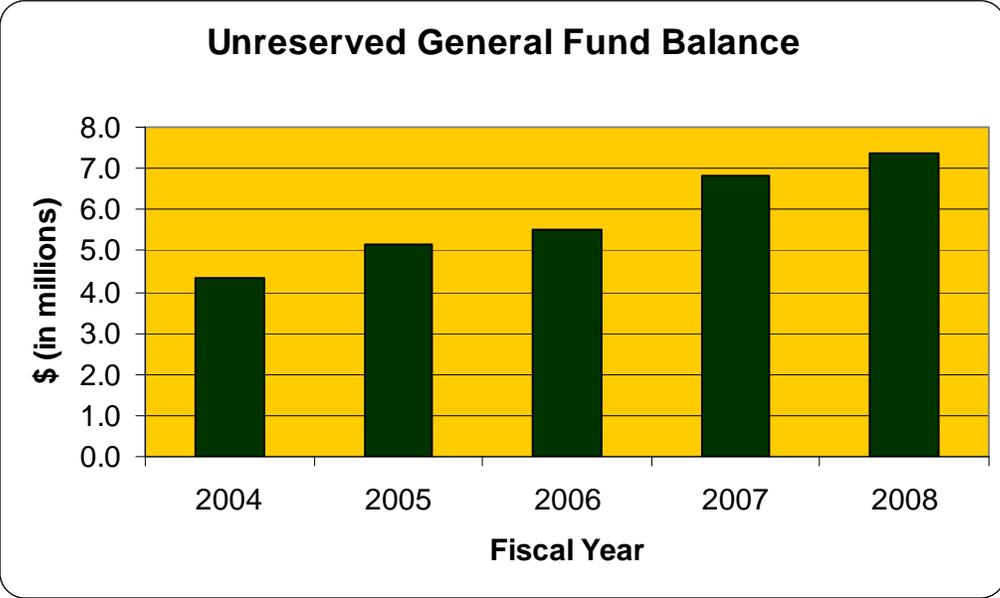
The fund balance serves as a key measure of the City's overall financial health. Mayor and Council adopted a policy requiring a minimum undesignated fund balance to be used for unanticipated emergencies of 10% of the General Operating Budget (excluding capital outlay). These funds will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing and assist in maintaining an investment grade bond rating.

The General Fund

The General Fund is one of nine Governmental Activity Funds. The majority of the City's governmental expenses are paid from the General Fund, and it is the City's primary operating fund. The City Administrator is required by the City Charter to submit a proposed budget to the Mayor and Council at least 90 days prior to the beginning of the fiscal year. To assure there will be sufficient current resources to pay current obligations, the General Fund must be in balance. For the last five years total revenues have exceeded expenditures. This trend indicates that the City is in a good financial position and is able to pay its short-term obligations. Because City Managers have kept expenditures for departments in line with or below budget, expenditures for FY2008 were below budgeted projections, and the City had a surplus of \$554,106. Excess revenue over expenditures in any year becomes part of the City's fund balance.



What does Fund Balance mean?
 A fund balance is defined as the difference between total assets and total liabilities. Total assets are the resources the City can use to pay bills; whereas, total liabilities are the obligations that the City has to pay within a year. The fund balance is separated into two components. Reserved fund balances are set aside to pay for existing commitments such as inventories, prepaid items and open purchase commitments. Unreserved fund balances provide working capital for the City and are used for investment income and future uncertainties.

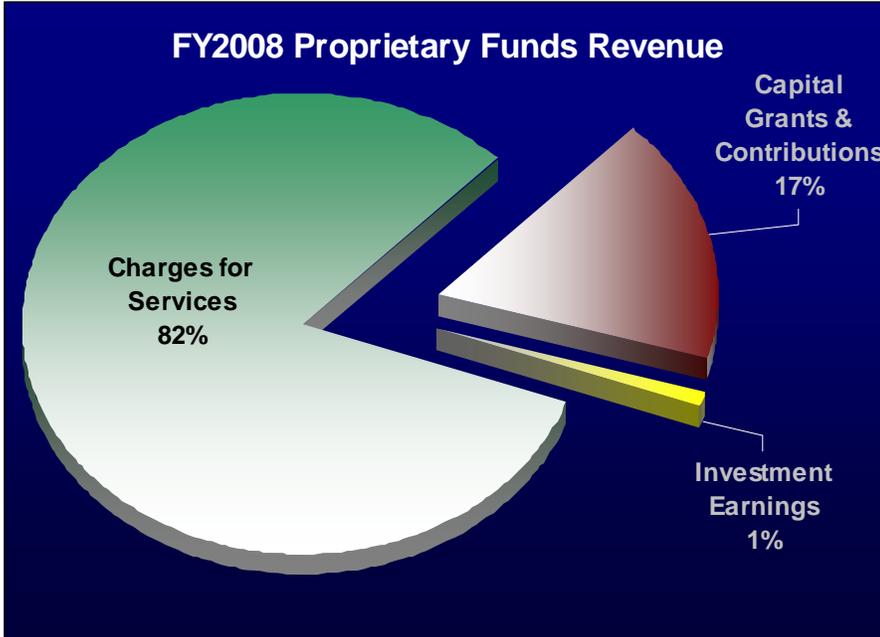


Over the last five years, the City's unreserved General Fund Balance has steadily increased. The unreserved fund balance is a measure of the amount available in the subsequent year's budget. In FY2008, the unreserved General Fund balance was \$7.3 million, which is 20.5% of General Fund expenditures. This represents approximately two and a half months of General Fund expenditures and complies with City financial policy requiring a minimum undesignated fund

balance of 10% of the General Fund operating expenditures. The Fund Balance is used as an indicator of the City's financial health and credit risk by rating agencies, such as Moody's Investors Service. It is the City's financial "shock absorber" in uncertain economic times.

Proprietary Fund Revenues – Total \$63.9 million

Proprietary Funds are used to account for services for which the City charges customers a fee (i.e. there is a direct benefit to users for fees paid). Those fees are used to cover related operational expenses. This total or partial cost recovery basis makes Proprietary Funds generally self sufficient which means they do not rely on tax generated revenue.



In FY 2008, \$52.2 million or 82% of all Proprietary Fund revenues were generated from charges for services. Only \$358,223 was transferred in from the other funds. The General Fund provided support to the City's Golf Course Fund and transferred a capital asset to the Property Management Fund.

Charges for Services (\$52.2 million, 82%) – Each Proprietary Fund charges customers for the use of its service. The Water and Sewer Funds charge for the amount of water used by each household. The Light Fund charges for the

amount of electricity used by each household. The Parking Facilities Fund charges parking fees for the City's parking lots, metered street spaces, and decks. The Golf Course Fund charges golf course fees, cart rental, and driving range fees. Lastly, the Property Management Fund accounts for rental fees related to rental properties owned and managed by the City. Charges for services for Proprietary Funds increased by \$1.2 million or 2.3% in FY 2008.

Capital Grants & Contributions (\$10.7 million, 17%) – The City of Hagerstown receives payments from the State of Maryland in the form of capital grants. Additionally, the City receives contributions from private businesses for system capacity allocations and from developers for infrastructure improvements to capital assets. Capital assets include buildings, land, bridges, roads, water, sewer and light system improvements.

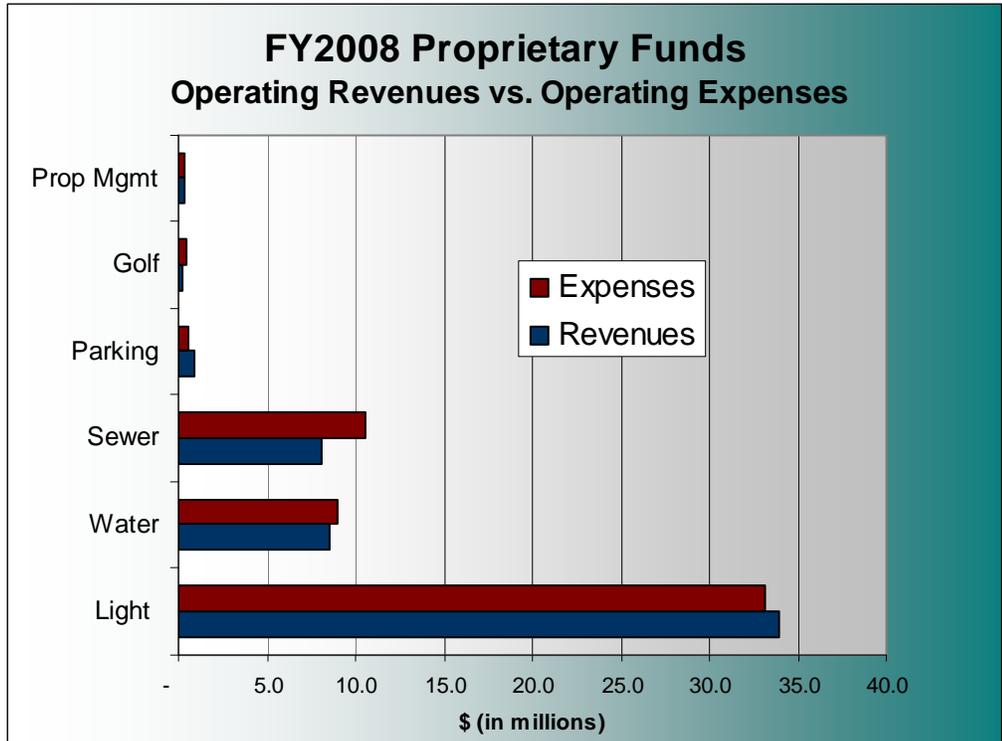


Investment Earnings (\$0.7 million, 1%) – Revenue is earned in the form of interest on the balance of cash held in various banks and other short term investments. All of the City's cash is pooled together into one account. The interest earned on that account is distributed to individual funds based on positive cash balances within each fund.

Proprietary Fund Expenses – Total \$54.1 million

The City’s Proprietary Funds pay for operating expenses from operating revenues as required by the City’s financial management policies. The City’s Proprietary Funds are largely self-supported by user charges. Proprietary Funds distinguish operating expenses from nonoperating expenses. Operating expenses for Proprietary funds include the costs of operations, administrative expenses, and depreciation on capital assets. All other expenses are reported as nonoperating expenses.

In FY2008, the Golf Course Fund was the only Proprietary Fund whose operating expenses exceeded revenues. As a result, the General Fund transferred \$210,891 in to the Golf Course Fund. The City’s other Proprietary Funds were able to pay for operating expenses from operating revenues.



Because of the business nature of Proprietary Funds, it is common for funds to either add to or draw upon their Net Assets in any given year. In contrast to the General Fund, it is acceptable for a Proprietary Fund to utilize Net Assets to

balance its budget. A key financial indicator is the Proprietary Fund’s trend and impact on Net Assets.

What does Net Assets mean?
 Net Assets are defined as the difference between total assets and total liabilities. Although similar, Net Assets are not the same as a Fund Balance. Assets are what the City owns, including buildings, land, bridges, parks, playgrounds, cash and investments, and funds due the City. Liabilities include all of what the City owes including long-term debt. Net Assets is an important measure of net worth, and it is important to evaluate the changes in Net Assets over time.

Proprietary Funds, Changes in Net Assets

	(in millions)		
	2008	2007	2006
Revenues			
Charges for Services	\$ 52.2	\$ 51.1	\$ 38.7
Capital Grants & Contributions	11.0	7.8	6.1
Investment Earnings	0.7	0.7	0.6
Total Revenue	\$ 63.9	\$ 59.6	\$ 45.4
Expenses			
Total Expenses	\$ 54.1	\$ 54.3	\$ 41.5
Changes in Net Assets			
Net Income	\$ 9.8	\$ 5.3	\$ 3.9
Transfers In (Out)	(0.2)	0.1	(0.4)
Increase in Net Assets	9.6	5.4	3.5
Net Assets Beginning	141.7	136.3	132.8
Net Assets Ending	\$ 151.3	\$ 141.7	\$ 136.3

As mentioned previously, over time, Net Assets may serve as a useful indicator of the overall financial condition and position. In FY 2008, assets exceeded liabilities by \$151.3 million. The largest portion of Net Assets reflects investment in capital assets net of depreciation (e.g. land and improvements, buildings and equipment). The City uses these capital assets to provide services to citizens.

Proprietary Fund Service Charges

Service Charges		FY2006	FY2007	FY2008
Light Rate (per KWH)				
Residential	All usage	\$ 0.06263	\$ 0.06263	\$ 0.06263
Commercial	<700 KWH	\$ 0.08314	\$ 0.08314	\$ 0.08314
	700 KWH - 7.5 KW	\$ 0.05257	\$ 0.05257	\$ 0.05257
	>7.5 KW	\$ 4.06817	\$ 4.06817	\$ 4.06817
Water Rate (per 1,000 gallons)				
City Residents	<100,000 gal	\$ 1.31	\$ 1.35	\$ 1.35
	>100,000 gal	\$ 1.17	\$ 1.21	\$ 1.21
County Residents	<100,000 gal	\$ 2.76	\$ 2.85	\$ 2.85
	>100,000 gal	\$ 2.47	\$ 2.55	\$ 2.55
Wastewater Rate (per 1,000 gallons)				
City Residents	All usage	\$ 5.59	\$ 5.78	\$ 6.72
County Residents	All usage	\$ 4.86	\$ 5.03	\$ 5.84
Parking Deck	Monthly Rate	\$ 50.00	\$ 52.50	\$ 55.00



Debt Administration

Neither State law nor the City's Charter places a limitation on the amount of general obligation debt the City may incur. However, the City has strictly adhered to a debt policy to ensure it responsibly manages its debt. In general, the City will not use long-term debt to fund current operating costs. Debt service for general long-term debt will not exceed 10% of total operating revenues. Total general obligation debt outstanding will not exceed 10% of the assessed valuation of taxable property or \$1,200 per capita. For the year ended June 30, 2008, the City's net assessed valuation of taxable property was \$2.4 billion. Total general obligation debt was \$39.7 million or .63% of the assessed value of taxable property and \$371 per capita.

LONG-TERM DEBT

The City issues general obligation bonds to raise large sums of cash to build and improve City services and infrastructure. The City increased new debt by an additional \$3.3 million. The City's adherence to its payment schedules for other debt reduced its debt by \$3.7 million resulting in a net decrease in total debt of \$.4 million. The City's long term debt is comprised of general obligation bonds and notes payable. At the end of FY2008, the City of Hagerstown had total bonded debt outstanding of \$39.7 million. The full faith and credit, as well as unlimited taxing power of the City are pledged to the levy and collection of taxes in order to provide for payment of principal and interest due on the bonds.

Total Bonded Debt Outstanding			
Note: Excludes benefits payable and accrued compensated absences			
	2006	2007	2008
Governmental Funds	9,836,534	16,120,194	14,874,304
Proprietary Funds	22,006,113	23,958,198	24,835,556
Total Outstanding Debt	\$ 31,842,647	\$ 40,078,392	\$ 39,709,860

Bonds used to support the Proprietary Funds total \$24.8 million. Those bonds are considered to be self-supporting because they are paid by each individual Proprietary Fund through service charges and fees related to the operation of the electric, water, sewer, and parking systems of the City. At the beginning of last fiscal year, Moody's Investors Service upgraded the rating on the City of Hagerstown from A3 to A2.

Capital Improvements

Investing for the Future

Along with city services, reinvesting in our infrastructure assets is a high priority. During FY 2008, new capital assets in the Governmental Activities Funds exceeded depreciation (annual wear and tear) by \$6.6 million, a 10% increase over the prior year. New capital investment in the Business Activities Funds exceeded depreciation by \$8 million, a 5.2% increase over the prior year. Some of the City's key capital initiatives during FY2008 were as follows:

Paving the Way....

Jonathan Street - Utility Replacement and Streetscape Project

Over the years, water main breaks have repeatedly damaged adjoining stormdrains and surrounding pavement and buildings. This project is driven by the need to replace the water main, sanitary sewer main, storm drain box culvert, and gas main. Streetscape enhancements include improving the "Medal of Honor" Triangle, new street surfacing, new curb and sidewalk, landscaping, ornamental lights, crosswalks and trash cans. Additionally, a pocket park will also be constructed at the southwest corner of Jonathan Street and West Church Street to serve as the new gateway to the Jonathan Street community.



Work commenced in June 2008. Unfortunately, the sanitary sewer was "tunneled" through the limestone bedrock, changing the scope of the project. The City water and sewer staff took over the project from the contractor and completed about 50% of the water and sewer installation prior to winter shutdown in December 2008. Work will resume in March 2009. The project is estimated to cost \$3.9 million.



Capital Improvements

Investing for the Future

Eastern Boulevard Widening

This project started in October 2007 and is expected to be completed in the Spring of 2009. The project called for the construction of two additional traffic lanes along Eastern Boulevard, between Conrad Court and MD Route 64 (Jefferson Boulevard) and is estimated to cost \$4.4 million. Improvements will include right of way acquisition; utility relocation; pavement reconstruction; and installation of storm drain, curb sidewalk and landscaping. A partial signal was also installed at Opal Court.



Fountain at
Pangborn Park

The City of Hagerstown takes pride in the quality of its parks and spent \$.5 million in FY2008 on various park improvements throughout the City. Current amenities include: softball fields, soccer fields, playground equipment, a BMX track, biking trails, indoor skate park, Little League facilities, basketball courts, concession areas, swimming pool, and paved trails. Additionally, Hagerstown offers an Ice and Sports Complex and sponsors special events such as the July 4th Fireworks, Blues Fest, and the Harvest Hoedown.

Capital Improvements

Investing for the Future

Utility Improvements – The City continually invests in its electric, water and wastewater utility infrastructures. Many of the projects are designed to serve multiple purposes, such as, increasing operations reliability and efficiency and to comply with environmental regulations. One of the most significant projects currently being undertaken in the Proprietary Funds is the construction of the first of two 6.4 million gallon covered storage tanks. The tanks will replace the existing West End Reservoir which was originally constructed in 1906. This project is estimated to cost \$12.6 million and will improve drinking water quality for residents.



Phase II – Second Tank Location



Phase I – First Completed Tank

Communications Improvements

The City is just a click away....

To improve communications with City residents, in FY2008 planning and implementation of a new financial management software was initiated. This new software will increase online access to City government activities. Utility accountholders already are already able to pay their bills online, but the new system will give them increased functionality. By the Fall of 2009, accountholders will be able to view and manage utility account activity online. The new system will also improve the City's ability to process all financial information, including the ability to account for assets, inventory, and work management. Future expansion of the system calls for a new online permitting application which will create real-time interaction with City services for the citizens of Hagerstown.

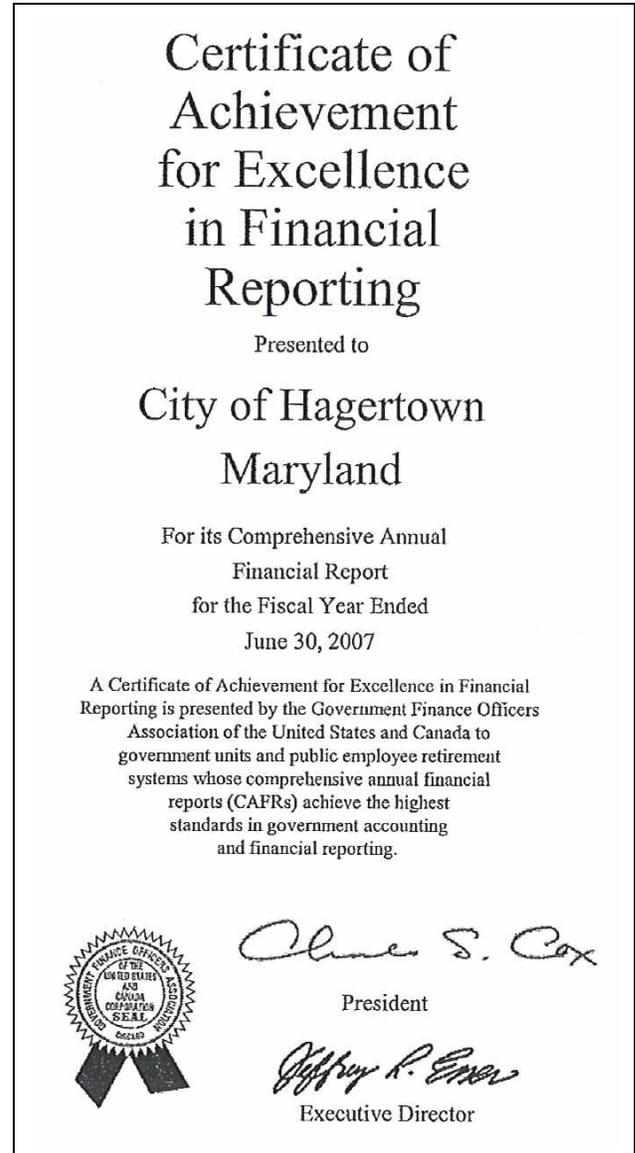


Awards

Certificate of Achievement for Excellence in Financial Reporting

The City of Hagerstown Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2008 has been submitted for the fourteenth consecutive year. This award of the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association (GFOA) was received for the past thirteen years.

An award is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



Distinguished Budget Presentation Award

This was the sixth consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the

City of Hagerstown, Maryland for its annual budget for the Fiscal year beginning July 1, 2008. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Need Additional Information?

City of Hagerstown Web site:
www.hagerstownmd.org

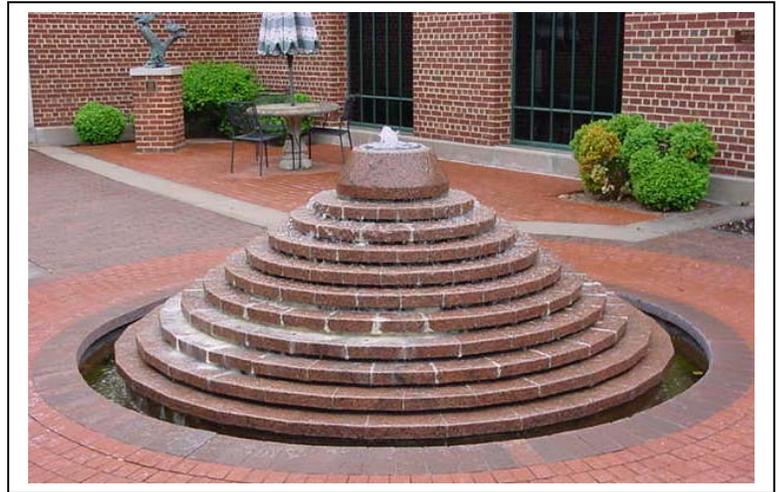
The City's Web site is your best source for information about City policies, services and events. Log on to www.hagerstownmd.org to find information on community

events, employment opportunities, public safety information, traffic and weather advisories, economic development programs and much more.

CONTACTING US:

The Department of Community Affairs

The Department of Community Affairs is the public information center for news for municipal services, programs and activities. This office provides general information about the City of Hagerstown through various forms of communication, such as news releases, information brochures, City publications, the Internet, cable television Channel 6 (the Hagerstown Government Channel) and outside advertising. City events are operated through the Department of Community Affairs located at City Hall on the second floor. For more information, call (301) 739-8577, ext 116.



Fountain at Hagerstown's Fine Arts Museum

Finance Department

For more information on financial matters of the City of Hagerstown, please call the Finance Department at (301) 739-8577, ext 156.



City of Hagerstown
One East Franklin St
Hagerstown, MD 21740
(301) 739-8577